

E-FILED 06-13-2011

NOT FOR CITATION
IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

C&C JEWELRY MANUFACTURING, INC.,

No. C09-01303 JF (HRL)

Plaintiff,

**ORDER GRANTING IN PART AND
DENYING IN PART DEFENDANT'S
MOTION TO COMPEL DOCUMENTS**

v.

TRENT WEST,

[Re: Docket No. 177]

Defendant.

Plaintiff C&C Jewelry Manufacturing, Inc. (C&C) filed this patent action seeking declaratory relief. The patents in suit generally pertain to methods for making jewelry from tungsten carbide. Defendant Trent West has asserted counterclaims, alleging that jewelry rings manufactured by C&C infringe his patents.

West now moves for an order compelling C&C to produce “[a]ll documents which refer or relate to any person or entity that is not a named party who has provided or is providing financial assistance or support to C&C in this litigation.” (van Ausdall Decl., Ex. A (Request for Production No. 94)). C&C opposes the motion. The matter is deemed suitable for determination without oral argument, and the June 14, 2011 hearing is vacated. Civ. L.R. 7-1(b). Upon consideration of the moving and responding papers, this court grants the motion in part and denies it in part.

C&C’s President, Robert Connolly, has submitted a declaration attesting that “[t]he only

1 person or entity paying for [C&C's] legal fees is the plaintiff C&C Jewelry Manufacturing,
2 Inc.” (Connolly Decl. ¶ 2). C&C argues that this declaration moots the instant motion. West
3 disagrees. Pointing out that he seeks more than information about who pays for C&C's legal
4 fees, West contends that Connolly's declaration leaves open the possibility that C&C could be
5 receiving financial assistance from nonparties with respect to this litigation, notwithstanding
6 that C&C says that it pays for its legal fees.

7 Even so, C&C argues that the requested information has no bearing on issues in this
8 lawsuit. West maintains that the discovery sought is relevant for three reasons: (1) to facilitate
9 settlement; (2) to show whether nonparties may have induced C&C's alleged infringement; and
10 (3) to show whether C&C's alleged infringement is willful. This court is disinclined to permit
11 discovery simply because it might encourage settlement.

12 As for West's second and third points, evidence of indemnification against the deterrent
13 effects that the patent laws would have on would-be infringers can be relevant to show intent to
14 induce infringement or that infringing activities were undertaken willfully. See Hewlett-
15 Packard Co. v. Bausch & Lomb Inc., 909 F.2d 1464, 1470 (Fed. Cir. 1990) (“Cases have held
16 that an indemnification agreement will generally not establish an intent to induce infringement,
17 but that such intent can be inferred when the primary purpose is to overcome the deterrent effect
18 that the patent laws have on would-be infringers.”); see also Jurgens v. McKasy, 927 F.2d 1552,
19 1562 (Fed. Cir. 1991) (affirming award of increased damages for infringement where, among
20 other things, the infringer continued to sell accused products after obtaining an indemnity
21 agreement); Church & Dwight Co., Inc. v. Abbott Labs., No. 05-02142, 2008 WL 2565349 *10
22 (D.N.J. June 24, 2008) (affirming jury's verdict of willful infringement where, among other
23 things, the infringer “sought to ‘insure’ itself against liability exposure via indemnifications”).
24 C&C contends that In re Seagate Technology, 497 F.3d 1360 (Fed. Cir. 2007) substantially
25 changed the standard for finding willful infringement. This court, however, does not read that
26 decision to mean that indemnification can never be probative of issues pertaining to
27 infringement.
28

1 With respect to possible evidence of inducement of infringement, West points out that
2 he seeks injunctive relief against any persons acting in privity or concert with C&C.
3 Nevertheless, West's counterclaims are asserted only against C&C. (See Docket No. 6,
4 Defendant's Answer and Counterclaims). West cannot use discovery to fish for evidence of
5 potential claims that have not been asserted. Moreover, the court finds that, as drafted, his
6 request for all documents referring or relating to "financial assistance" sweeps too broadly and
7 encompasses information that is neither relevant nor likely to lead to the discovery of
8 admissible evidence of alleged willful infringement by C&C.

9 Accordingly, West's motion to compel is granted as to documents referring to, relating
10 to, or showing that C&C obtained financial indemnification against liability for the alleged
11 infringement after being put on notice of West's patents. C&C shall produce to West any non-
12 privileged responsive documents in its possession, custody, or control within 14 days from the
13 date of this order. To the extent C&C has no responsive documents, it shall so certify for West
14 within 14 days from the date of this order. West's motion is otherwise denied in all other
15 respects.

16 SO ORDERED.

17 Dated: June 13, 2011

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20 HOWARD R. LLOYD
21 UNITED STATES MAGISTRATE JUDGE
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